
Operating Program Budget Introduction

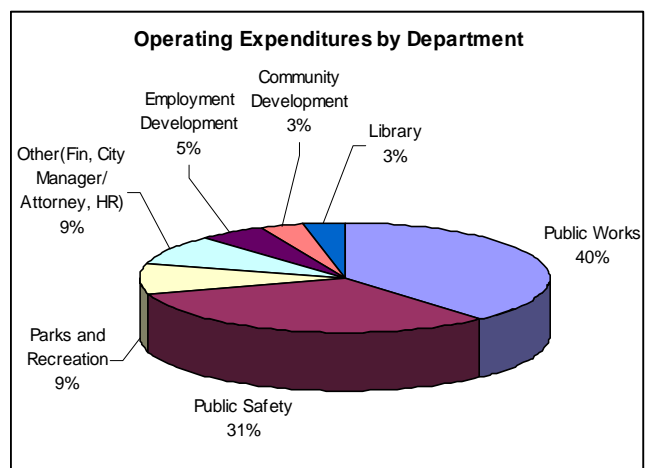
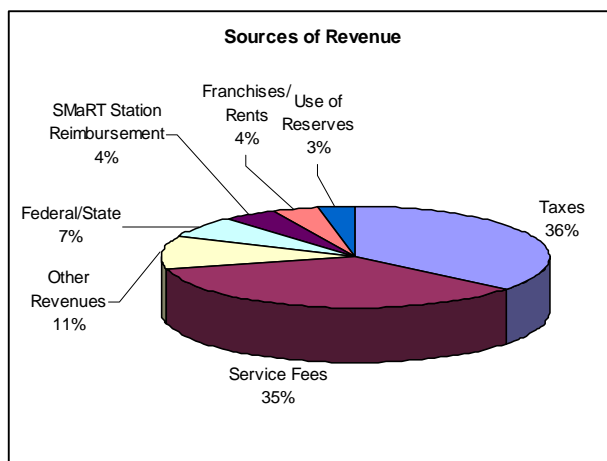
Overview

This section includes the two-year operating program budget for FY 2006/2007 and FY 2007/2008 at a summary level. The summary presents the program performance statement and program measures, the costs and hours budgeted for each service delivery plan within the program along with the program total. The activities and products within the service delivery plans are provided in the detailed operating budget in Volumes II and III. The programs are organized by General Plan Element.

The General Plan is the City's long term planning document and includes goals, policies, and action statements that guide decision making and operations. There are 7 elements and 22 sub-elements. All operating programs fall within one element and are assigned program numbers that correspond with the element number. For example, Program 115 (Transportation and Traffic Services) is in Element 1-Land Use and Transportation and Program 481 (Police Services) is in Element 4-Public Safety. The complete details for the General Plan goals, policies, action statements and community condition indicators are included in Volumes II and III.

FY 2006/2007 Operating Budget Summary

The FY 2006/2007 Operating Budget is approximately \$208 million. The majority of the expenditures are for Public Works (40%) and Public Safety (31%). The Public Works Department includes programs such as Transportation and Traffic Services, Pavement Operations, and Utilities operations (Water, Wastewater, and Solid Waste). The Public Safety Department includes Police Services, Fire Services and other public safety related programs. The primary funding sources for City operations are Taxes (36%) and Service Fees (35%).



Performance Based Budgeting

The performance based management system is an important part of Sunnyvale's Planning and Management System (PAMS). The City began to implement this management concept in the late 1970's by incorporating a system of budgeting that focused on the "outputs" resulting from service provision. This system was further refined in the 1990s to identify and quantify the value created from the efficient/effective provision of City services, with the focus shifting from "outputs" to "outcomes." In FY 2003/2004 Council indicated that it would like to see staff complete a comprehensive review and analysis of the performance based management system. The comprehensive overhaul of the City's Planning and Management System began early in FY 2004/2005 and was completed by the end of FY 2005/2006. Work during FY 2004/2005 included evaluation of the philosophy and intent of the system as well as the processes that are followed to either establish a new or restructure an existing program to the performance based management system. A central part of the review process involved a total migration from Outcome Management to Performance Based Budgeting.

Recommended changes to the performance based management system were brought to Council in a study session format in early calendar year 2005. Following approval of the revised system, staff entered into the implementation stage and undertook a major effort to restructure all programs to the revised format. The two-year operating budget starting in FY 2006/2007 represents the culmination of these efforts and marks the beginning of the next phase in Sunnyvale's performance based budgeting system. The overall result of the restructure process is an improved system of allocating resources to deliver a defined level of services, an improved system of meaningful success measurement of delivering such services, a system that will provide a clear plan of action for staff to manage the City's day-to-day services, and most importantly, a policy document that can be easily communicated to the community.

The FY 2006/2007 Budget does not include any prior year data due to the complete restructure to the Performance Based Budget format. All operating programs have been restructured and direct comparisons with prior year data are not available. Actual data will be included in the budget document in future years as they become available for the new budget structure.

Budget Process

Sunnyvale implemented a two-year operating budget concept in the early 1980's. This is in recognition of the tremendous effort needed to develop budgets, particularly with the City's sophisticated performance based budget system. In normal times, service levels remain relatively constant from year to year. By doing two-year budgeting, staff time is maximized and more in-depth review of each budget element can be accomplished. FY 2006/2007 is the first year of a two-year operating budget cycle. Therefore, all operating budgets were extensively reviewed. In addition, rental rates and additive rates for the internal service programs were reviewed, with new rates applied to recover costs. Current salary levels for City employees were adjusted based on existing Memoranda of Understanding or estimated salary trends. Employee benefit costs, especially retirement contributions and health insurance costs were reviewed. For enterprise funds, significant cost components were updated with current information and utility rates were adjusted as appropriate. Finally, major revenue sources were updated for all funds.